

**Conditions of Purchase
of CeraCon GmbH
01.12.2004**

1. General

1.1 (Scope) These Conditions of Purchase are only intended for use in business with entrepreneurs.

1.2 (Conflicting conditions, modifications to the contract) Only our Conditions of Purchase shall apply for the contract; no other conditions shall become the content of the contract, even if we do not explicitly contradict them. The supplier can only invoke modifications to the contract, additions or ancillary agreements in the event of immediate written confirmation.

1.3 (Right of rescission) In cases of force majeure as well as in case of strikes, lockouts or other events for which we are not responsible and through which our own sales are impeded, we can withdraw from the supply contract in full or in part, or request performance at a later point in time.

1.4 (Setoff, retention, data collection) Setoff or retention by the supplier is only permissible with undisputed or non-appealable counter-claims. We shall be permitted to save in our computer system the data required for processing the contract.

1.5 (Place of performance, Court of jurisdiction, governing law) Place of performance for deliveries is our works in D -97990 Weikersheim or the agreed discharge location. For all disputes arising out of the contract the courts of jurisdiction shall be D- 97980 Bad Mergentheim / D- 73479 Ellwangen as competent courts of our registered office. We can also take legal action against the customer at his registered office. The contract shall be construed and interpreted in accordance with the laws of the Federal Republic of Germany with exception of the 'UN Convention on the International Sale of Goods' (CISG).

2. Prices, Invoicing

2.1 Suppliers' prices are maximum prices carriage paid to our works. They include costs for freight, customs, packaging, expenses and turnover tax.

2.2 Suppliers' invoices must be sent to us in duplicate, separate from the consignment, and can be paid by us within 14 days of receipt of the invoice and goods with a cash discount of 3 % or net within 30 days.

3. Shipping, delivery periods/dates, delay, risk

3.1 Packaging, shipping and insurance of the contractual products shall be effected for the account and at the risk of the supplier. A delivery note (in duplicate) must be enclosed with each shipment. On the day of dispatch, the supplier shall send us a written advice of dispatch.

3.2 The supplier must adhere strictly to the agreed delivery periods and dates. The supplier can only invoke a lack of raw materials and supplies and non-delivery or defective delivery by his supplier if he is not responsible for these circumstances and informs us immediately after having gained knowledge of these circumstances.

3.3 Risk does not pass to us until the goods have been discharged in our works.

4. Quality, acceptance, limitation of claims for defects

4.1 In addition to the specifications laid down in the supply contract, quotation and/or acknowledgement of order, the relevant statements made by the supplier in his brochures, catalogues and other documents available to us, as well as in his advertising, are agreed with respect to the quality of the contractual products/services. The agreed quality also implies that the contractual products/services comply with the latest state of technology, top-quality workmanship, the agreements reached, the intended purpose, the agreed and inspected equipment, the required product safety and the currently applicable statutory, official and technical provisions (including German Appliance Safety Law, DIN standards, EC directives).

4.2 The supplier must carry out a careful inspection of quality and outgoing goods - also covering product safety - in compliance with the applicable standards. The supplier has the obligation to deliver qualityproved products.

4.3 Acceptance, approval and/or payment of the contractual products/services do not indicate recognition that they are free of defects. Said acceptance, approval and/or payment are always subject to inspection. With respect to clause 4.2 we will inspect the contractual products for apparent damages/defects of quality or quantity. We will notify these damages/defects without undue delay. Any other defects will be notified within one week after being discovered in the due course of business.

4.4 If in urgent cases the supplier does not immediately rectify defects in the contractual products, or any resulting damage, despite notification, or if the supplier is in default in the performance of the rectification of defects incumbent on him, we may rectify the defects/damage ourselves at the expense of the supplier, or have them rectified by third parties.

4.5 Unless statutory periods of limitation should be longer, our claims for defects are subject to a period of limitation of 3 years after delivery to us.

4.6 We do not accept any limitations to the liability for defects of the supplier.

5. Product safety, product liability

5.1 The supplier hereby guarantees us that the contractual products and/or services are not unsafe and are not dangerous for their use or consumption in accordance with the intended use or foreseeable non-intended use, in terms of product liability. He shall take all necessary and reasonable organisational, personal and technical safety measures.

5.2 Should a claim be made on us by our customers or third parties for damage based on unsafe contractual products and/or services, the supplier shall indemnify us internally if and to the extent that he is at fault. Our claim to indemnification is subject to the standard period of limitation.

5.3 If and to the extent that the supplier is responsible for the defect leading to the liability, he shall also bear the costs for the measures taken by us to avert damage (e.g. recalls).

5.4 The supplier must insure himself to a reasonable amount against the risks related to the product liability for the contractual products and/or services supplied by him and provide us with evidence of this insurance cover.

6. Disposal

In the production and delivery of the contractual products, the supplier undertakes to take account of and comply with all current conditions and provisions relating to environmental protection and waste disposal. In particular, he shall guarantee us that the contractual products can be broken down into their constituent parts before being disposed of. He shall ensure this by marking the materials accordingly.

7. Spare parts

The supplier must be in a position to provide spare parts at fair market prices for the anticipated service life of the contractual products, but at least for 5 years from the relevant delivery date.

8. Industrial property rights, secrecy, moulds and tools

8.1 If and to the extent that the supplier is at fault, he shall be liable to us for ensuring that the use or distribution of the contractual products is permissible without infringing the industrial property rights of others. He shall indemnify us against any legal claims by third parties for the infringement of such industrial property rights in connection with the contractual products.

8.2 We reserve the ownership as well as all industrial property rights and copyrights of constructions, moulds, tools, samples, illustrations and other documents provided by us. The supplier may only use these constructions etc. in the manner intended by us, and must return them if he no longer requires them for us.

8.3 The supplier must maintain secrecy vis-à-vis third parties with respect to all trade secrets, in particular know-how, of which he gains knowledge through his business relations with us.

8.4 Tools, moulds or other devices which the supplier produces or procures, fully or partly at our expense, automatically become our property. Instead of handing over such tools etc., the supplier may keep them in safe custody for us, carefully and free of charge, until the termination of the delivery arrangement.